



Patrick W. Henning, Director
November 9, 2009
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Arnold Schwarzenegger
Governor

Mr. Sal Vaca, Director
City of Richmond Employment and Training Program
330 25th Street
Richmond, CA 94804

Dear Mr. Vaca:

WORKFORCE INVESTMENT ACT
FISCAL AND PROCUREMENT REVIEW
FINAL MONITORING REPORT
PROGRAM YEAR 2008-09

This is to inform you of the results of our review for Program Year (PY) 2008-09 of the City of Richmond Employment and Training Program's (CRETP) Workforce Investment Act (WIA) grant financial management and procurement systems. This review was conducted by Mr. Dave Ajirogi from May 18, 2009 through May 22, 2009. For the fiscal portion of the review, we focused on the following areas: fiscal policies and procedures, accounting system, reporting, program income, expenditures, internal control, allowable costs, cash management, cost allocation, indirect costs, fiscal monitoring of subrecipients, single audit and audit resolution policies and procedures for its subrecipients and written internal management procedures. For the procurement portion of the review, we examined procurement policies and procedures, methods of procurement, procurement competition and selection of service providers, cost and price analyses, contract terms and agreements, and property management.

Our review was conducted under the authority of Section 667.410(b)(1), (2) & (3) of Title 20 of the Code of Federal Regulations (20 CFR). The purpose of this review was to determine the level of compliance by CRETP with applicable federal and state laws, regulations, policies, and directives related to the WIA grant regarding financial management and procurement for PY 2008-09.

We collected the information for this report through interviews with representatives of CRETP, a review of applicable policies and procedures, and a review of documentation retained by CRETP for a sample of expenditures and procurements for PY 2008-09.

We received your response to our draft report on July 3, 2009, and reviewed your comments and documentation before finalizing this report. Because your response

adequately addressed the finding cited in the draft report, no further action is required and we consider the issue resolved.

BACKGROUND

The CRETP was awarded WIA funds to administer a comprehensive workforce investment system by way of streamlining services through the One-Stop delivery system. For PY 2008-09, CRETP was allocated: \$567,676 to serve 147 adult participants; \$567,650 to serve 126 youth participants; and \$366,901 to serve 81 dislocated worker participants.

For the quarter ending March 31, 2009, CRETP reported the following expenditures and enrollments for its WIA programs: \$505,000 to serve 98 adult participants; \$517,448 to serve 115 youth participants; and \$299,160 to serve 115 dislocated worker participants.

FISCAL REVIEW RESULTS

We conclude that, overall, CRETP is meeting applicable WIA requirements concerning financial management.

PROCUREMENT REVIEW RESULTS

While we conclude that, overall, CRETP is meeting applicable WIA requirements concerning procurement; we noted an instance of noncompliance in the area of contract provisions. The finding that we identified in this area, our recommendation, and CRETP's proposed resolution of the finding is specified below.

FINDING 1

Requirement: 20 CFR Section 667.200(d) states, in part, that all WIA Title-I grant recipients and subrecipients must comply with the government-wide requirements for debarment and suspensions.

29 CFR Section 97.35 states, in part, that all contracts awarded shall contain the provisions of Appendix A to this part for debarment and suspension requirements, including Executive Order (EO) 12689.

Observation: We found that CRETP's subrecipient contracts did not contain the above contract provisions. Specifically, we reviewed the contracts for Oakland PIC and East Bay Works and found that they did not contain the required debarment and suspension provision.

Recommendation: We recommended that CRETP submit a corrective action plan (CAP) to Compliance Review Office (CRO) stating how it will

ensure that future contracts include the above contract provisions.

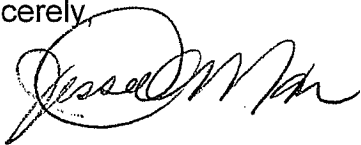
CREPT Response: The CREPT stated that the special conditions of the on-line master contract have been modified to include EO 12689. Finally, the CREPT provided a copy of the PY 2009-2010 Oakland Private Industry Council contract that contains EO 12689. Additionally, CREPT has designated a Contract Administrator who will be responsible for certifying that WIA contract language is correct in all future contracts.

State Conclusion: We consider this finding resolved.

Because the methodology for our monitoring review included sample testing, this report is not a comprehensive assessment of all the areas included in our review. It is CRETP's responsibility to ensure that its systems, programs, and related activities comply with the WIA grant program, Federal and State regulations, and applicable State directives. Therefore, any deficiencies identified in subsequent reviews, such as an audit, would remain CRETP's responsibility.

Please extend our appreciation to your staff for their cooperation and assistance during our review. If you have any questions regarding this report or the review that was conducted, please contact Ms. Mechelle Hayes at (916) 654-1292.

Sincerely,



JESSIE MAR, Chief
Compliance Monitoring Section
Compliance Review Office

cc: Jose Luis Marquez, MIC 50
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